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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts	Application 21-04-010 (Filed April 15, 2021)

RESPONSE OF SAN DIEGO COMMUNITY POWER AND CLEAN ENERGY ALLIANCE TO THE NOVEMBER UPDATE OF SAN DIEGO GAS & ELECTRIC COMPANY

Jacob Schlesinger
Lee Ewing
Keyes & Fox LLP
1580 Lincoln St., Suite 1105
Denver, CO 80203
Phone: (970) 531-2525
E-mail: jschlesinger@keyesfox.com
lewing@keyesfox.com

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Counsel to San Diego Community Power and Clean Energy Alliance

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Pursuant to the September 22, 2021 and November 2, 2021 E-Mail Rulings of the Administrative Law Judge for this proceeding, San Diego Community Power ("SDCP") and Clean Energy Alliance ("CEA") hereby submit this Response to the November 8, 2021 *Updated Application and Prepared Direct Testimony*, as amended on November 15, 2021 ("November Update")[1] to San Diego Gas and Electric Company's ("SDG&E") *Application for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG Related Forecasts* ("Application"), which was filed on April 15, 2021.[2]

I. INTRODUCTION

Generally, the purpose of the November Update is to provide the investor-owned utilities ("IOUs") the opportunity "to reflect changes in [their] forecasts and Commission decisions since the filing of the [ERRA Forecast] Application."[3] However, the IOUs often push beyond this limited scope and introduce entirely new proposals at this late stage of the proceeding, forcing

1 Application ("A.") 21-04-010, *San Diego Gas & Electric Company's (U-902-E) November Update to Application* (Nov. 8, 2021).

2 A.21-04-010, *Application of San Diego Gas & Electric Company (U 902-E) for Approval of its 2022 Electric Procurement Revenue Requirement Forecasts and GHG-Related Forecasts* (April 15, 2021).

3 A.20-04-014, Decision ("D.") 21-01-017, pp. 13-14 (Jan. 14, 2021).

parties to conduct an extremely expedited review with limited procedural mechanisms to ensure that the proposals are just and reasonable. In keeping with this unfortunate tradition, SDG&E has proposed for the first time in its November Update a second "option" for recovery of its Green Tariff Shared Renewables ("GTSR") program under-collection."[4]

In particular, as an alternative to its Application proposal to recover this under-collection during rate year 2022, SDG&E now proposes recovery over 21 months, with a delayed implementation until April 1, 2022.[5] The Commission should reject this new second "option" because it is a significant policy proposal introduced late in this expedited proceeding and could potentially result in a cost shift of millions of dollars.

In addition to addressing SDG&E's new proposal regarding recovery of its GTSR program under-collection, CCA Parties clarify the effect of SDG&E's November 15, 2021 modification of its November Update. In particular, although Administrative Law Judge Long permitted SDG&E to serve the Updated Prepared Direct Testimony of Eric L. Dalton from SDG&E's ERRA Trigger Application, A.21-05-006 ("Dalton Testimony") in this proceeding, the relief requested therein is not relevant to SDG&E's present 2022 ERRA Forecast Application.

Finally, CCA Parties present a review of various corrections to the Application that SDG&E committed to include in the November Update over the course of this proceeding. CCA Parties generally find that the November Update is consistent with SDG&E's commitments.

However, CCA Parties note once again that they are unable to fully analyze SDG&E's updated proposed 2021 year-end Portfolio Allocation Balancing Account ("PABA") balance because SDG&E refused to provide information critical to understanding that balance – the

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4 November Update, Updated Prepared Direct Testimony of Gwendolyn Morien, GM-28:5-8.

5 *Id*.

confidential workpapers supporting the 2021 Power Charge Indifference Adjustment ("PCIA") revenue requirement adopted in last year's ERRA Forecast proceeding ("PCIA Workpapers"). The relationship between the proposed year-end PABA balance and the prior year's PCIA Workpapers is explained in detail in the CCA Parties' Opening and Reply briefs and is therefore not repeated here. It is important to reiterate that, contrary to SDG&E's representations, the November Update does not diminish the CCA Parties' need to access the PCIA Workpapers in order to analyze the proposed 2021 year-end PABA balance.

II. RESPONSE

A. The Commission Should Reject SDG&E's Eleventh-Hour Proposal to Change the Amortization and Delayed Implementation for the 2018 and 2019 GTSR Balancing Account.

SDG&E's GTSR program, commonly referred to as EcoChoice, allows customers to purchase a greater proportion of their electricity from renewable resources, similar to CCA programs. As such, the GTSR program directly competes with programs offered by CCAs. In its Application, SDG&E requests to recover an approximate $2 million under-collection accrued from GTSR customers in 2018 and 2019.[6] SDG&E also proposed to recover this entire under-collection in 2022.[7]

However, in its November Update, SDG&E now presents an alternative "amortization of the 2018 and 2019 [GTSR balancing account ("GTSRBA")] through the Renewable Power Rate over 21 months, with a delayed implementation date of April 1, 2022."[8] This proposal would result in SDG&E carrying the under-collection further into the future as GTSR participation

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[6] Exh. No. SDGE-001, SF-23:1-8.

[7] *Id*.

[8] November Update, Updated Prepared Direct Testimony of Gwendolyn Morien, GM-28:7-8.

continues to diminish. This could result in SDG&E spreading the recovery of its under collection among even fewer customers.

SDG&E also indicates that it "is considering filing a subsequent advice letter to suspend the GTSR program pursuant to program requirements."[9] Given the possibility that SDG&E will suspend the GTSR program, the Commission should not delay recovery of the costs associated with that program and risk shifting those costs to customers that did not participate. In response to discovery, SDG&E refused to explain how it intends to recover any remaining 2018 and 2019 GTRSBA under-collection if it suspends the program, arguing that this issue is not relevant and speculative.[10] If the GTSR program is suspended, CCA Parties are concerned that SDG&E will attempt to recover the outstanding GTSR balance from non-participating customers, including unbundled customers served by CCAs. Any such attempt to recover the GTSR balance from non-participating customers would violate section 2833 of the California Public Utilities Code ("GTSR Statute"), which requires that the Commission:

> ensure that charges and credits associated with a participating utility's green tariff shared renewables program are set in a manner that **ensures nonparticipant ratepayer indifference for** the remaining bundled service, direct access, and **community choice aggregation customers** and **ensures that no costs are shifted from participating customers to nonparticipating ratepayers**.[11]

In order to mitigate the threat that SDG&E is unable to recover all of its GTSR balance or must recover that balance from non-participating customers, in violation of the GTSR Statute, the Commission should ensure that as much of the 2018 and 2019 GTSRBA under-collection is recovered as soon as possible before the program is suspended. As such, the Commission should

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9 *Id.*, GM-28:16-17.

10 Exh. No. CCA-020.

11 Cal. Pub. Util. Code § 2833(q) (emphasis added).

adopt SDGG&E's original proposal, included in its Application, to recover the entire 2018 and 2019 GTSRBA under-collection from GTSR customers in 2022.

B. The Relief Requested in the Updated Prepared Direct Testimony of Eric L. Dalton Is Not Relevant to This Proceeding.

Pursuant to a November 12, 2021 E-mail Ruling of Administrative Law Judge Long ("ERRA Trigger Ruling"),[12] SDG&E modified its November Update to reflect the inclusion of the rate effects of its ERRA Trigger Application, A.21-05- 006. CCA Parties do not oppose SDG&E's modifications to its November Update to reflect these rate effects, but are concerned that introducing the Dalton Testimony without any changes in this proceeding may create confusion.

To be clear, the ERRA Trigger Ruling only permitted SDG&E to "revise the November Update to reflect the inclusion of the rate effects [of] the ERRA Trigger" and expressly provided that "[n]o other ratesetting or regulatory policy issues from A. 21-05-006, The ERRA Trigger will be considered in this proceeding."[13] While Administrative Law Judge Long allowed SDG&E to serve the Dalton Testimony in this proceeding in order to expediently incorporate the ERRA balance from the ERRA Trigger Application, the ERRA Trigger Ruling is clear that the relief requested therein is not within the scope of this 2022 ERRA Forecast proceeding.[14] Accordingly, other than information relevant to the rate impact of the ERRA Trigger Application on this ERRA

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[12] A.21-04-010, *Email Ruling for SDG&E to Modify it November Update and Serve Further Testimony* (Nov. 12, 2021) ("ERRA Trigger Ruling").

[13] *Id*.

[14] The relief requested by Mr. Dalton includes a request that the Commission "authorize SDG&E to consider both the combined ERRA balance and the bundled portion of the PABA balance to calculate the trigger mechanism and to determine whether the ERRA balancing account is in a triggered position." November Update, Updated Prepared Direct Testimony of Eric L. Dalton, ED-13:5-7. Although this request is outside of the scope of this 2022 ERRA Forecast proceeding, counsel for SDG&E confirmed during a November 12, 2021 Joint Status Conference that the request is limited to the present ERRA Trigger Application, A.21-05-006, and is not a request to permanently change SDG&E's calculation of its ERRA Trigger mechanism.

Forecast Application, the Commission should ignore the "ratesetting or regulatory policy issues" included in the Dalton Testimony, including the relief requested therein.

C. Revisions to the Application Agreed to by SDG&E Over the Course of this Proceeding.

The following are certain revisions to the Application that SDG&E agreed to make either in its rebuttal testimony or through discovery. CCA Parties reviewed the November Update and are satisfied that it addresses the following revisions as agreed to by SDG&E.

1. 2022 Sales Forecast

On October 21, 2021, Administrative Law Judge Long granted SDG&E's request to "incorporate bundled customer sales from the recently filed 2022 Sales Forecast (A.21-08-010) in the November Update." This is the same sales forecast that SDG&E used in its Application for its 2022 forecasted revenue requirements and is "based on the California Energy Commissions's [sic] ("CEC") 2020 California Energy Demand ("CED") forecast for SDG&E."[15] However, in its November Update, SDG&E deleted the reference to the CEC's 2020 CED and replaced it with the statement that the "sales forecast utilized in this filing was developed internally by SDG&E."[16]

As the 2022 Sales Forecast in A.21-08-010 is based on the CEC's 2020 CED forecast, the change in the updated testimony raised concerns for the CCA Parties that SDG&E did not "incorporate bundled customer sales from the recently filed 2022 Sales Forecast (A.21-08-010) in the November Update." However, SDG&E confirmed in response to discovery that:

> a. The bundled sales forecast included in SDG&E's November Update is the same that was included in SDG&E's 2022 ERRA Forecast Application filed in April 2021.

15 Exh. No. SDGE-002, SC-3:5-7.

16 November Update, Updated Prepared Direct Testimony of Matthew O'Connell, MO-3:5-8.

> b. The bundled sales forecast "developed internally by SDG&E" is the same sales forecast based on the CEC's 2020 CED forecast.
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> c. The bundled sales forecast included in SDG&E's 2022 ERRA Forecast November Update is the same that was included in its 2022 Sales Forecast Application filing (A.21- 08-010).[17]

CCA Parties are satisfied with SDG&E's approach to the sales forecast in the November Update, but once again assert that the confusion and inefficiencies caused by the separate 2022 ERRA Forecast and 2022 sales forecast applications demonstrate that these applications should be combined in future years.

2. Morgan Stanley NOB Contract

In testimony, CCA Parties' expert witness, Brian Dickman, recommended that SDG&E include in the Indifference Amount the Energy Values related to a power purchase agreement with Morgan Stanley which provides firm energy deliveries at the Nevada-Oregon Border ("NOB").[18] SDG&E agreed and stated in rebuttal testimony that it "will reduce the total costs of the Morgan Stanley NOB contract by the market value of energy in its November Update."[19] After review of the November Update and associated discovery, CCA Parties can confirm that SDG&E reduced the total costs of the Morgan Stanley NOB contract by the market value of energy in its November Update.[20]

3. RA Component of the GTSR Rate

Mr. Dickman also recommended in direct testimony that SDG&E "update the calculation of certain [GTSR] rate components to properly design the [resource adequacy ("RA")] Charge

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17 Exh. No. CCA-018; *see also* Exh. No. CCA-019.

18 Exh. No. CCA-001, 22:7 – 24:5.

19 Exh. No. SDGE-008, MAO-3:13-17.

20 Exh. No. CCA-021.

embedded in the Renewable Energy Value Adjustment."[21] SDG&E once again agreed with Mr. Dickman's recommendation and stated that it will make "these revisions to the calculation methodology of the RA solar value adjustment in SDG&E's November Update."[22] After review of the November Update, CCA Parties can confirm that SDG&E made the changes to the GTSR rate components recommended by Mr. Dickman.[23]

4. Workpaper Pivot Tables

Finally, in his testimony, Mr. Dickman identified certain errors in the pivot tables of SDG&E's workpapers which reduced SDG&E's Indifference Amount by $1.5 million.[24] SDG&E recognized these errors and stated that it "will ensure that the pivot tables in the workpaper are updated in the November Update of this 2022 ERRA Forecast filing."[25] After review of the November Update and associated discovery, CCA Parties can confirm that SDG&E has correctly included the cost and energy output of PCIA-eligible resources in the Indifference Amount.

III. CONCLUSION

For the foregoing reasons, SDCP and CEA request that the Commission authorize a 12-month amortization period for the 2018 and 2019 GTSRBA under-collection effective January 1, 2022 and adopt the recommendations included in the Opening and Reply Briefs of SDCP and

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[21] Exh. No. CCA-001, 25:8 – 30:9.

[22] Exh. No. SDGE-008, MAO-3:5-7. On November 12, 2021, the Administrative Law Judge in A.12-01-008, *et al*., issued a Proposed Decision which if adopted by the Commission would, in part, modify the RA component of the Pacific Gas and Electric Company's GTSR charge. A.12-01-008, *et al*., *Proposed Decision Resolving Three Petitions for Modification of Decision (D.) 15-01-051 and D.16-05-006 That Adopted or Modified the Green Tariff Shared Renewables Program*, OP 12 (Nov. 12, 2021). However, this Proposed Decision would not modify the RA component of SDG&E's GTSR charge. *Id*., pp. 37-38.

[23] *See* Exh. No. CCA-022.

[24] Exh. No. SDGE-001, 24:8 – 25:5.

[25] Exh. No. SDGE-010, SM-1:18-22.

CEA.

Respectfully submitted,

Jacob Schlesinger
Lee Ewing
Keyes & Fox LLP
1580 Lincoln St. Suite 1105
Denver, CO 80203
Phone: (970) 531-2525
Email: jschlesinger@keyesfox.com

Counsel to San Diego Community Power and Clean Energy Alliance

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